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NO. 84-1953 (1)

IN THE
SUPREME COURT OF THE UNITED STATES
October Term 1984

MARCON, LTD.
Petitioner,

v.

HELENA RUBINSTEIN, INC.
Respondent

PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FOURTH JUDICIAL CIRCUIT

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QUESTIONS PRESENTED

I. Where stipulated evidence shows first use of a plaintiff's mark to have occurred prior to registration or first use of defendant's mark, may a court of appeals affirm a district court finding that NO evidence of rights accruing prior to defendant's registration was presented?

II. Where the plaintiff in a trademark infringement action presents evidence of actual confusion, and no evidence negating actual or potential confusion is presented, may a court ignore the plaintiff's evidence and find no actual or potential confusion and thus no infringement?

III. Is a registered mark which has become incontestable under 15 U.S.C. § 1065 subject to cancellation under 15 U.S.C. § 1064(c) where the owner of the registration admits that the mark is generic descriptive of the

ingredients of the product upon which it is used?

IV. May a federal court declare ownership of a federally registered mark to be lawfully held by the defendant in an infringement action where the Trademark Office records show ownership to be in a third party, and where the defendant's claim that title to the mark was given as a security interest is not only unsupported by any evidence but, if given, would have been invalid and unenforceable under the provisions of the Uniform Commercial Code?

V. Where two trademark infringement actions involve the same parties and different but similar marks, and decisions in both are appealed to the same court of appeals, may the appeals court, after refusing to consolidate the appeals, render conflicting decisions in the two cases?

VI. May a federal court ignore clear evidence of fraud and bad faith on the part of a defendant, where the fraud and bad faith are related to a crucial factual issue in the case?

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
TABLE OF CONTENTS	iv
TABLE OF AUTHORITIES	vii
OPINIONS BELOW	1
STATUTORY PROVISIONS INVOLVED	3
STATEMENT OF THE CASE	3
REASONS FOR GRANTING CERTIORARI	9
I. EVIDENCE STIPULATED FOR USE IN THE SECOND TRIAL SHOWED USE OF MARCON'S "SILK" MARKS IN VIRGINIA LONG PRIOR TO REGISTRATION OF HR'S MARKS. IN APPROVING A FINDING THAT NO EVIDENCE OF A PRE-EXISTING STATE RIGHT HAD BEEN PRESENTED, THE COURT OF APPEALS IGNORED BOTH THE EXISTENCE OF THIS STIPULATED EVIDENCE AND THE FINDINGS OF THE DISTRICT COURT IN THE FIRST TRIAL (ON THE SAME EVIDENCE) THAT MARCON'S USE HAD BEEN CONTINUOUS SINCE 1935. IN SO DOING, THE COURT OF APPEALS DEPARTED FROM ACCEPTED STANDARDS OF REVIEW AND SANCTIONED GROSS ERROR BY THE DISTRICT COURT	10

Page

II. EVIDENCE OF NUMEROUS INSTANCES OF ACTUAL CONFUSION WAS PRESENTED AT TRIAL. THE CHALLENGED HR MARKS INCORPORATE AND FEATURE THE WHOLE "SILK" MARK OWNED BY MARCON AND WERE USED ON PRODUCTS SIMILAR TO THOSE MARKETED BY MARCON UNDER THE "SILK" MARK. NO PROBATIVE EVIDENCE REFUTING ACTUAL OR POTENTIAL CONFUSION WAS PRESENTED BY HR. THUS IT WAS CLEAR ERROR FOR THE COURT OF APPEALS TO AFFIRM A FINDING THAT NO ACTUAL OR POTENTIAL CONFUSION EXISTED AND NO INFRINGEMENT OCCURRED..... 16

III. A REGISTERED MARK WHICH HAS BECOME INCONTESTABLE UNDER 15 U.S.C. 1065 IS NONETHELESS SUBJECT TO CANCELLATION IF, AT ANY TIME, THE MARK BECOMES GENERIC DESCRIPTIVE OF THE PRODUCT FOR WHICH IT IS USED. THE COURT OF APPEALS IMPROPERLY INTERPRETED AND APPLIED THIS STATUTE WHEN IT AFFIRMED THE DISTRICT COURT DECISION WHICH FOUND HR'S REGISTERED MARKS TO BE INCONTESTABLE AS TO MARCON..... 19

IV. THE COURT OF APPEALS, IN AFFIRMING THE DISTRICT COURT'S CONCLUSION THAT HR WAS THE OWNER OF THREE REGISTERED MARKS, IGNORED EVIDENCE THAT HR WAS NOT THE RECORD OWNER OF THE MARKS AT THE TIME OF INFRINGEMENT AND IGNORED STATE LAW REGARDING CREATION OF SECURITY INTERESTS IN ACCEPTING HR'S

Page

EXPLANATION THAT THE RECORDED TRANSFER OF TITLE MERELY REFLECTED CREATION OF A SECURITY INTEREST.... 21

V. WHERE THE LOWER COURT REFUSES TO CONSIDER A CLAIM MADE BY PLAINTIFF IN ONE ACTION AND INSISTS THAT A SEPARATE ACTION BE FILED TO PURSUE THAT CLAIM, AND THE SAME COURT LATER DISMISSES THE SECOND ACTION, HOLDING THAT THE DISPUTE IS RESOLVED BY THE DECISION IN THE FIRST ACTION, THE COURT OF APPEALS MAY NOT AFFIRM BOTH DECISIONS BECAUSE SUCH AN ACTION CREATES AN INHERENT CONFLICT BETWEEN THE TWO RULINGS..... 24

VI. IT IS A CLEAR AND SERIOUS DEPARTURE FROM STANDARD PRINCIPLES OF APPELLATE REVIEW FOR A COURT OF APPEALS TO AFFIRM A DECISION OF A DISTRICT COURT IN FAVOR OF A DEFENDANT WHERE CLEAR EVIDENCE OF FRAUD AND BAD FAITH ON THE PART OF THAT DEFENDANT, RELATED TO A CENTRAL ISSUE IN THE CASE, WAS IGNORED BY THE DISTRICT COURT..... 29

CONCLUSION..... 32

TABLE OF AUTHORITIES

CASES

	Page
Big O Tire Dealers v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 195 U.S.P.Q. 417 (10th Cir. 1977), cert. denied, 424 U.S. 10 (1978)	17
Country Properties, Inc. v. Bill's Country Kitchen, 204 U.S.P.Q. 548 (M.D. Fla. 1979)	16
Crown Zellerbach Corp. v. Martin, 153 U.S.P.Q. 141 (T.T.A.B. 1967)	16
Glamorene Products Corp. v. Proctor & Gamble Co., 538 F.2d 894, 190 U.S.P.Q. 543 (C.C.P.A. 1976)	17
In re Conchemco, Inc., 185 U.S.P.Q. 190 (Trademark App. Bd. 1974)	17
In re Farah Manufacturing Co., 435 F.2d 594, 168 U.S.P.Q. 277 (C.C.P.A. 1971)	18
In re William E. Wright Co., 185 U.S.P.Q. 445 (Trademark App. Bd. 1975)	17
Volkswagenwerk A.G. v. Rickard, 492 F.2d 474, 181 U.S.P.Q. 611 (5th Cir. 1974)	17

Statutory Materials: Page

15 U.S.C. § 1051..... 3

15 U.S.C § 1055..... 3

15 U.S.C. § 1057(b)..... 3

15 U.S.C. § 1060..... 3

15 U.S.C. § 1064..... 3,4,20,21

15 U.S.C. § 1065..... passim

15 U.S.C. § 1114..... 3

15 U.S.C. § 1127..... 3,14

28 U.S.C. § 1254(1)..... 2

Uniform Commercial Code § 9-203..... 3, 23

OPINIONS BELOW

The opinion of the Circuit Court of Appeals for the Fourth Circuit in the second appeal of C.A. 80-1051-A (Appeal No. 83-1639) is unpublished and is set out in the Appendix at A-1. The July 5, 1983 order and memorandum opinion of the District Court for the Eastern District of Virginia in C.A. 80-1051-A, declaring respondent's registered marks to be incontestable by petitioner and dismissing the action, are set out in the Appendix at A-8. The opinion of the Circuit Court of Appeals for the Fourth Circuit in the first appeal of C.A. 80-1051-A (Appeal No. 81-2113) is reported at 694 F.2d 953 (4th Cir. 1982), and is set out in the Appendix at A-24. The October 14, 1981 memorandum opinion and order of the District Court for the Eastern District of Virginia in the first trial is unpublished

and is set out in the Appendix at A-41.

The opinion of the Circuit Court of Appeals for the Fourth Circuit in the appeal of C.A. 83-912-A (Appeal No. 84-2320) is unpublished and is set out in the Appendix at A-60. The order of the District Court for the Eastern District of Virginia in C.A. 83-912-A, issued without written opinion, is set out in the Appendix at A-64.

JURISDICTION

The judgment of the Circuit Court of Appeals for the Fourth Circuit in Appeal No. 84-2320 affirming denial of petitioner's Rule (60(b) motion was entered May 9, 1985. The Judgment of the Circuit Court of Appeals for the Fourth Circuit in Appeal No. 83-1639 was entered March 20, 1985. The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

This case involves Sections 5, 7(b), 10, 14, 15, 32 and 45 of the Lanham Trademark Act, 15 U.S.C. §§ 1055, 1057(b), 1060, 1064, 1065, 1114 & 1127, as well as § 9-203 of the Uniform Commercial Code. These provisions are set forth in the Appendix beginning at A-66.

STATEMENT OF THE CASE

In September, 1980, Petitioner MarCon, Ltd. (MarCon) filed an action against Helena Rubinstein, Inc. (HR) alleging infringement of MarCon's trademark "SILK Face Powder" and "SILK", both used for cosmetic products, by use of nine trademarks used on HR's cosmetics (C.A. 80-1051-A). MarCon asserted infringement of both common law rights and rights under the Lanham Trademark Act, 15 U.S.C. §§ 1051 et seq. At the time the action was brought, MarCon held both federal and state registrations for the mark "SILK" for use on

cosmetic products.

One of the HR marks challenged was identical to MarCon's mark "SILK Face Powder"; the other marks, all used to designate HR cosmetics, contained and emphasized the word "SILK". HR presented affidavits that it was the registered owner of three marks ("SILK Film", "SILK Sheen" and "SILK Fashion") and that all three registered marks had become incontestable under 15 U.S.C. § 1065. These marks had been registered pursuant to the Lanham Trademark Act between 1950 and 1969; MarCon's "SILK" mark was registered in 1977. MarCon's marks, however, were used prior to HR's marks. HR counterclaimed, seeking cancellation of MarCon's registered mark pursuant to 15 U.S.C. § 1064.

HR moved to dismiss the action, based on registrations prior to MarCon's registration and incontestability of the three registered

marks pursuant to 15 U.S.C. § 1065. Judge Albert V. Bryan, Jr. granted HR's motion to dismiss, treating it as a motion for summary judgment, with respect to claims of infringement through use of the three registered marks but denied the motion with respect to claims based on the unregistered marks. Judge Bryan denied plaintiff's motion to reconsider this order on July 10, 1981.

An amended complaint was filed alleging infringement of five unregistered marks; HR counterclaimed, alleging abandonment of MarCon's federal and state registrations of its mark "SILK" through assignment of the mark without accompanying assignment of good will. In a non-jury trial, Judge Oren R. Lewis dismissed both MarCon's amended claims and the counterclaim based on abandonment. MarCon appealed from both Judge Bryan's denial of the motion to reconsider and from Judge Lewis's

dismissal of the remaining claims; HR appealed from Judge Lewis's decision that MarCon's registered marks had not been abandoned.

The Court of Appeals for the Fourth Circuit affirmed Judge Lewis's rulings regarding infringement and abandonment, but reversed Judge Bryan's award of summary judgment on the claims of infringement through use of registered marks, vacating that portion of the order which dismissed these claims and remanding the cause for trial.

A number of pretrial motions and orders were made before the second trial, held in June of 1983. Judge Bryan failed to rule at all on a number of MarCon's pretrial motions, including MarCon's objections to HR exhibits consisting of false status copies of the three registrations in issue and a motion for sanctions against HR for knowingly submitting false documents as evidence and other viola-

tions of professional ethics. Proceedings in the second trial were begun before Judge Lewis, who died on June 10, 1983; the major portion of the retrial was before Judge Bryan, again, and he did not change his views from the first trial. He ultimately entered an order on July 5, 1983, dismissing the action, based on his finding that MarCon failed to establish the existence of a valid common law right under Virginia law acquired prior to registration of HR's marks. Judge Bryan also found that no evidence had been presented to support a finding of infringement, even if the common law right were found to exist.

The Court of Appeals for the Fourth Circuit affirmed Judge Bryan's decision in an unpublished per curiam opinion dated March 20, 1985.

A separate action upon recommendation of

the court below was filed by MarCon alleging infringement of its SILK marks by HR's use of the trademark "ROSE SILK". The second action was filed because the "ROSE SILK" mark promoted by MarCon before the first trial was taken from the sanctuary of disclosure of MarCon discovery files and used by HR after the first trial in the original action. A few months after his decision in the first action (C.A. 80-1051-A), on October 21, 1983, Judge Bryan dismissed the second action (C.A. 83-912-A), stating that his decision in the first action resolved the second under principles of res judicata or collateral estoppel. MarCon delayed filing a motion for reconsideration of the order dismissing C.A. 83-912-A pending the outcome of the appeal of C.A. 80-1051-A. When it was learned that the appellate decision in that case was unlikely to be made prior to October 21, 1984, Marcon

filed the motion for reconsideration. This motion was filed on October 15, 1984, less than one year from the date of the decision in C.A. 83-912-A. Judge Bryan dismissed the motion as untimely. MarCon appealed from this dismissal.

The Court of Appeals for the Fourth Circuit advised counsel for both parties that it would decide the two cases together but would not consolidate them for the appeal. On May 9, the Court of Appeals affirmed dismissal of the motion for reconsideration in an unpublished per curiam opinion.

REASONS FOR GRANTING CERTIORARI

The federal court of appeals, in affirming the district court decisions in two related trademark infringement actions, approved an interpretation and application of 15 U.S.C. § 1065 which is clearly contrary to the plain

language of this federal statute. The action of the court of appeals in affirming these decisions also sanctioned substantive and procedural errors by the district court which, in combination, constitute such a departure from the accepted course of judicial proceedings as to call for an exercise of this Court's power of supervision. The rulings of the district court, as affirmed by the court of appeals, are also in direct conflict with the provisions of Article IX of the Uniform Commercial Code (in force in all states) related to creation of security interests.

I. EVIDENCE STIPULATED FOR USE IN THE SECOND TRIAL SHOWED USE OF MARCON'S "SILK" MARKS IN VIRGINIA LONG PRIOR TO REGISTRATION OF THE HR MARKS. IN APPROVING A FINDING THAT NO EVIDENCE OF A PRE-EXISTING STATE RIGHT HAD BEEN PRESENTED, THE COURT OF APPEALS IGNORED BOTH THE EXISTENCE OF THIS STIPULATED EVIDENCE AND THE FINDINGS OF THE DISTRICT COURT IN THE FIRST TRIAL (ON THE SAME EVIDENCE) THAT MARCON'S USE HAD BEEN CONTINUOUS SINCE 1935. IN SO DOING, THE COURT OF APPEALS DEPARTED FROM ACCEPTED STANDARDS OF REVIEW AND SANCTIONED GROSS ERROR ON THE PART OF THE DISTRICT COURT.

The district court, in its memorandum opinion accompanying its order dismissing C.A. 80-1051-A, stated: "[T]here is not one shred of evidence of the use, sale or advertising, in Virginia, at any time prior to the registration dates of the three [HR] trademarks . . . ." A-14 (emphasis in original). The court of appeals quoted this very language in affirming the district court's dismissal of the action. Both the district court and the court of appeals ignored millions of dollars of sales by MarCon's licensees (Avon and Revlon), whose sales inure to MarCon in Virginia and nationwide.

By agreement of the parties, the transcripts and exhibits in the first trial were admitted in evidence on the second trial of this action. The finding of the district court in the second action that NO evidence of prior use in Virginia had been presented

is directly contrary to the finding of the district court in the first trial, based on the same evidence, that Rose Melaro began selling cosmetics under the SILK mark in 1935 and continued such sales, in part through MarCon, Ltd., a Virginia corporation doing business in Virginia, and MELEXIM, a company doing business in Virginia, from that time to the present. A-43, A-51, A-52. The finding in the second trial is also clearly in error as the evidence included the Trademark Trial & Appeal Board case history file for a cancellation proceeding in which the Board found continuous use of the marks since 1935, and other specific evidence showed individual sales in Virginia prior to registration of at least two of HR's marks. A-95.

Even if the evidence could be interpreted as failing to show use in Virginia prior to registration of HR's "SILK Film" mark in

1950, it certainly shows such use prior to registration of the marks "SILK Fashion" (registered in 1964) and "SILK Sheen" (registered in 1959). Thus the court of appeals clearly ignored specific evidence of the existence of a valid state right accruing in Virginia prior to registration of two of the marks found by the district court to be incontestable as to MarCon, approving the district court's conclusion that NO evidence of such a right had been presented.

Additionally, both courts chose to ignore clear evidence that the "SILK Film" mark had been abandoned by HR and thus could not be considered incontestable under the federal trademark act. HR itself, in answers to interrogatories, stated that the mark was not used after 1971. A-90, A-91, A-92. The trademark act provides:

> A mark shall be deemed to be "abandoned"--
>
> (a) When its use has been discontinued with intent not to resume. .

> . . Nonuse for two consecutive years shall be prima facie abandonment.

15 U.S.C. § 1127. By HR's own admission and testimony of its expert witness, the mark had not been used for over 10 years prior to institution of MarCon's action. A-90, A-91, A-92, A-93, A-94. As no evidence rebutting the statutory presumption of abandonment was presented by HR, the statute compels the conclusion that the mark was abandoned. An abandoned mark cannot be considered "incontestable" as to any mark whatsoever.

The district court's primary error, approved by the court of appeals' affirmance, was apparently to equate registration of MarCon's mark with use of that mark. The district court stated that "[a]ny Virginia activity apparently began after the formation of the plaintiff in 1979, although the federal trademark registration . . . was not assigned to the plaintiff until January 13,

1981," and that "[t]he only reference to such [prior] use is . . . the claim made, in the 1980 Virginia registration of the mark SILK, of . . . first use in Virginia in 1951." A-14 (emphasis in original). The court's reliance solely on the information related to MarCon's state and federal registrations of its "SILK" mark constituted a clear misunderstanding of the issue before it. At issue was the existence of a common law right in the mark, established by evidence of sales prior to registration of at least two of HR's marks. The distinction between the common law and statutory trademark rights in issue was clearly set out by the court of appeals in its decision on the first appeal in this case. A-32, A-34, A-37, A-40. The decision in the second appeal, however, approves the district court's failure to distinguish the difference in the two types of rights, thus

contradicting the Fourth Circuit's own prior opinion.

II. EVIDENCE OF ACTUAL CONFUSION WAS PRESENTED AT TRIAL. THE CHALLENGED HR MARKS INCORPORATE AND FEATURE THE WHOLE "SILK" MARK OWNED BY MARCON AND WERE USED ON PRODUCTS SIMILAR TO THOSE MARKETED BY MARCON UNDER THE "SILK" MARK. NO PROBATIVE EVIDENCE REFUTING ACTUAL OR POTENTIAL CONFUSION WAS PRESENTED BY HR. THUS IT WAS CLEAR ERROR FOR THE COURT OF APPEALS TO AFFIRM A FINDING THAT NO ACTUAL OR POTENTIAL CONFUSION EXISTED AND NO INFRINGEMENT OCCURRED.

Even though actual confusion of trademarks is not required to establish actual or potential infringement of a mark, Crown Zellerbach Corp. v. Martin, 153 U.S.P.Q. 141 (T.T.A.B. 1967), MarCon submitted evidence of such actual confusion which was never rebutted by HR. "[W]hile very little proof of actual confusion would be necessary to prove likelihood of confusion, almost overwhelming amount of proof would be necessary to refute such proof . . . ." Country Properties, Inc. v. Bill's Country Kitchen, 204 U.S.P.Q. 548

(M.D. Fla. 1979). Furthermore, the challenged marks all contained and featured the full MarCon "SILK" mark.

Wholesale incorporation of another's mark itself tends to show likelihood of confusion. Glamorene Products Corp. v. Proctor & Gamble Co., 538 F.2d 894, 190 U.S.P.Q. 543 (C.C.P.A. 1976); Big O Tire Dealers v. Goodyear Tire & Rubber Co., 561 F.2d 1365, 195 U.S.P.Q. 417 (10th Cir. 1977), cert. dism'd, 424 U.S. 10 (1978). Likelihood of confusion is increased where one appropriates and uses another's mark on products similar to the other's product, In re William E. Wright Co., 185 U.S.P.Q. 445 (Trademark App. Bd. 1975), particularly where the appropriated mark appears "in more than one composite mark" used by the appropriator, Volkswagenwerk A.G. v. Rickard, 492 F.2d 474, 181 U.S.P.Q. 611 (5th Cir. 1974); see also In re Conchemco, Inc., 185

U.S.P.Q. 190 (Trademark App. Bd. 1974); In re Farah Manufacturing Co., 435 F.2d 594, 168 U.S.P.Q. 277 (C.C.P.A. 1971). All of the challenged HR marks are used on cosmetic products similar to those sold by MarCon, and MarCon's "SILK" mark is incorporated into many HR marks. Both MarCon and HR distribute cosmetic products through department stores and drug stores alike.

From the above it is clear that the infringing marks themselves, having incorporated MarCon's entire mark and being used on products similar to those sold under MarCon's mark, suggested that confusion was likely. In addition, MarCon presented evidence of instances of actual confusion as to the source of various cosmetic products sold under trademarks containing the word "SILK". Although HR offered NO probative evidence to rebut the inference of confusion and thus

infringement arising from these factors, the district court found that infringement had not been shown and the court of appeals affirmed this clearly erroneous finding. This affirmance shows clear disregard for the record presented on appeal, a disregard which constitutes a clear departure from generally accepted principles of the law applicable to trademark infringement actions.

III. A REGISTERED MARK WHICH HAS BECOME INCONTESTABLE UNDER 15 U.S.C. 1965 IS NONETHELESS SUBJECT TO CANCELLATION IF, AT ANY TIME, THE MARK BECOMES GENERIC DESCRIPTIVE OF THE PRODUCT FOR WHICH IT IS USED. THE COURT OF APPEALS IMPROPERLY INTERPRETED AND APPLIED THIS STATUTE WHEN IT AFFIRMED THE DISTRICT COURT DECISION WHICH FOUND HR'S REGISTERED MARKS TO BE INCONTESTABLE AS TO MARCON.

The district court in C.A. 80-1051-A held that HR's three registered trademarks were "uncontestable by the plaintiff under § 15 of the Lanham Act, 15 U.S.C. § 1065." A-8. Section 15 provides in part:

> [N]o incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise.

15 U.S.C. § 1065(4). In the first trial of C.A. 80-1051-A, HR twice admitted that silk is an ingredient in the product marketed by HR under the label "Silk Fashion", and further asserted that the use of the word "silk" in connection with that product was merely descriptive and not a trademark use at all. A-77, A-78. Section 14(c) of the Trademark Act, 15 U.S.C. § 1064(c), provides for cancellation of registration of a mark "at any time if the registered mark becomes the common descriptive name of an article or substance." In the first trial of this action, HR relied on its assertion that the word "Silk" as used in the labels for its face powder was not infringement because the word was used descriptively. In the second trial, where the evidence included by stipulation the entire transcript of the first trial, HR defended on the ground that its registration

of the term "SILK Fashion" for the same face powder was incontestable. As by HR's own testimony the use of the term "silk" was descriptive of the product sold under the label "SILK Fashion", the district court's finding that this registration was incontestable is clearly erroneous. In affirming the conclusion of the district court, the court of appeals approved a ruling directly contrary to the plain language and intent of 15 U.S.C. §§ 1064(c) and 1065.

IV. THE COURT OF APPEALS, IN AFFIRMING THE DISTRICT COURT'S CONCLUSION THAT HR WAS THE OWNER OF THREE REGISTERED MARKS, IGNORED EVIDENCE THAT HR WAS NOT THE RECORD OWNER OF THE MARKS AT THE TIME OF INFRINGEMENT AND IGNORED STATE LAW REGARDING CREATION OF SECURITY INTERESTS IN ACCEPTING HR'S EXPLANATION THAT THE RECORDED TRANSFER OF TITLE MERELY REFLECTED CREATION OF A SECURITY INTEREST.

Over a period of three years and still today, in 1985, the Trademark Office repeatedly certified Colgate-Palmolive Company as

the registered owner of the three marks which HR claimed to own and relied on as incontestable marks. The records of the Trademark Office show an assignment of title to these registered marks from HR to Colgate on July 2, 1980, several months prior to institution of C.A. 80-1051-A. See A-79. The registrations were re-assigned to HR in March of 1982, after the first appeal and before the retrial of the case. A-81. A "Correction Assignment" (A-84) was filed with the Trademark Office in November, 1982, which purported to "correct misunderstandings" regarding the 1980 assignment. HR never produced evidence to show that the 1980 transfer to Colgate was merely a security interest. The only documentation produced by HR was a portion of an agreement reciting sale of HR as a business to a purchaser and mentioning but not specifying the details of a security agreement.

The district court nonetheless accepted the unsupported assertions of HR's counsel that the agreement between Colgate and HR created nothing more than a security interest and it ruled that HR was the owner of the marks and entitled to the incontestability protection of 15 U.S.C. § 1065. A-11, A-12. Furthermore, the district court specifically ruled that HR had been the registered owner of the marks from the time of their registration. A-12. Even assuming the 1980 transfer was intended to create a security interest in favor of Colgate, such an interest would not have been effective unless possession of the marks passed to Colgate. § 9-203(1)(a) of the Uniform Commercial Code provides: "A security interest is not enforceable against the debtor or third parties unless the collateral is in the possession of the secured party." As possession was not passed to

Colgate prior to the time the purported security agreement was created, no security interest attached. Thus the assignment recorded in 1980 passed title to the registrations from HR to Colgate, not merely a security interest therein. The decision of the district court that HR owned the registered marks and the affirmance of that finding by the court of appeals are therefore directly in conflict with state law controlling creation and effect of security interests.

V. WHERE THE LOWER COURT REFUSES TO CONSIDER A CLAIM MADE BY PLAINTIFF IN ONE ACTION AND INSISTS THAT A SEPARATE ACTION BE FILED TO PURSUE THAT CLAIM, AND THE SAME COURT LATER DISMISSES THE SECOND ACTION, HOLDING THAT THE DISPUTE IS RESOLVED BY THE DECISION IN THE FIRST ACTION, THE COURT OF APPEALS MAY NOT AFFIRM BOTH DECISIONS BECAUSE SUCH AN ACTION CREATES AN INHERENT CONFLICT BETWEEN THE TWO RULINGS.

The court of appeals affirmed the district court decisions in both C.A. 80-1051-A and

C.A. 83-912-A, after refusing to consolidate the cases on appeal but insisting they would be decided together. The district court had dismissed plaintiff's action in C.A. 83-912-A, stating that its decision in C.A. 80-1051-A resolved the dispute in C.A. 83-912-A under principles of res judicata or collateral estoppel. See A-64.

The later action (C.A. 83-912-A) involved a question of HR's infringement by use of the MarCon mark "ROSE SILK", a question expressly excluded from consideration in the first action by both Judge Lewis and Judge Bryan. This second action involved a claim of infringement by use of an unregistered mark; the first action involved claims based on use of registered marks. In the second action, MarCon was entitled to rely on its registered marks and common law rights, as HR could claim no prior registration for the "Rose

Silk" mark, which was taken by HR out of the sanctuary of discovery files of MarCon and later sold by HR as its own.

By relying on res judicata or collateral estoppel as the ground for dismissal of the second action, the district court apparently believed that its ruling that MarCon had no state law rights enforceable against HR's registered marks precluded any action by MarCon for infringement against HR for use of any mark, marks registered subsequent to MarCon's mark or marks entirely unregistered. This is obviously not the law, as shown by the opinion of the Fourth Circuit in the first appeal of C.A. 80-1051-A. A-37, A-38. The district court's additional finding in C.A. 80-1051-A that infringement was not shown could not have been the basis for the dismissal of C.A. 83-912-A under res judicata or collateral estoppel because the court

expressly refused to consider the question of infringement by use of the mark "Rose Silk" in the first action.

If the district court was correct in refusing to consider (in the retrial of C.A. 80-1051-A) the claims later raised in C.A. 83-912-A, its decision in the earlier case cannot bar the later action under principles of res judicata or collateral estoppel. Thus, having affirmed the decision in C.A. 80-1051-A, the court of appeals should have reversed the decision in C.A. 83-912-A.

If the district court erred in refusing to consider the claims based on HR's use of "Rose Silk" in C.A. 80-1051-A, the court of appeals should have reversed dismissal of that action and remanded for determination of infringement by use of that mark. (In the first appeal of C.A. 80-1051-A, the court of appeals acknowleged the validity of MarCon's

claim to the "SILK" mark, registered under both state and federal law, when it affirmed Judge Lewis's determination that the mark had not been abandoned.) If the decision in C.A. 80-1051-A were reversed, it, of course, could not bar the later action under res judicata or collateral estoppel at all.

By affirming dismissal of C.A. 83-912-A, the court of appeals necessarily approved decisions in direct conflict with each other: (1) that the action based on HR's use of "ROSE SILK" was not related to the action based on HR's use of marks registered prior to registration of MarCon's "SILK" mark and (2) that the action based on HR's use of "ROSE SILK" was barred by the decision that HR's prior registrations were incontestable. Such a result is clearly contrary to basic principles of jurisprudence and requires supervision and resolution by this Court.

VI. IT IS A CLEAR AND SERIOUS DEPARTURE FROM STANDARD PRINCIPLES OF APPELLATE REVIEW FOR A COURT OF APPEALS TO AFFIRM A DECISION OF A DISTRICT COURT IN FAVOR OF A DEFENDANT WHERE CLEAR EVIDENCE OF FRAUD AND BAD FAITH ON THE PART OF THAT DEFENDANT, RELATED TO A CENTRAL ISSUE IN THE CASE, WAS IGNORED BY THE DISTRICT COURT.

Throughout the trial and retrial of C.A. 80-1051-A HR showed consistent bad faith. It refused to produce evidence of the security agreement it claimed existed between HR and Colgate-Palmolive and consistently refused to answer interrogatories. It submitted evidence purporting to show registration of the marks in issue in its own name at a time when it knew it was not the registered owner of the marks and was aware the marks had been transferred to Colgate. At the retrial, HR submitted a falsified document purporting to be a status copy of MarCon's "SILK" registration and showing the mark to be cancelled as of June 3, 1983. In fact, the Trademark Office denied that it had provided the status

copy showing cancellation, although it stated unequivocally that HR's counsel had attempted to obtain such a copy. See affidavit of C.R. Hill, Status Division, United States Patent & Trademark Office at A-88.

Despite these instances of constant bad faith and fraudulent conduct, the district court refused to sanction HR by striking the evidence thus submitted. The district court refused to sanction HR's conduct in submitting the false status copy of the "SILK" registration, stating that "defendant's counsel, when he offered the exhibit, candidly told the court it was incorrect." A-20. This conclusion overlooks the fact that the document was accepted as evidence of mistakes in record-keeping by the Trademark Office even though the document was not obtained from the Trademark Office: the falsification by HR was not in suggesting that actual cancellation of the

mark was shown by the document but in asserting that the document had been obtained from, and therefore existed in, the Trademark Office records. The district court thus ignored HR's use of falsified documents in attempting to show error in the record-keeping procedures of the Trademark Office, despite an affidavit from the Trademark Office stating the document had been forged.

The court of appeals completely ignored this action of the district court in affirming its judgment in favor of HR. The propriety of the district court's conduct in failing to take action to sanction HR's consistent bad faith and fraudulent conduct in submitting false documents as evidence was not even mentioned by the court of appeals in its unpublished per curiam opinion. See A-2 to A-7. Ignoring such prejudicial and unethical conduct on the part of HR and its

counsel constitutes a clear departure from established standards of judicial procedure.

CONCLUSION

As discussed above, the decisions of the Court of Appeals for the Fourth Circuit in appeals from decisions of the District Court for the Eastern District of Virginia in C.A. 80-1051-A and C.A. 83-912-A are in direct conflict. The decision of the court of appeals in the appeal of C.A. 80-1051-A also constitutes approval of (1) gross departures from standard judicial proceedings (2) an interpretation of 15 U.S.C. § 1065 which clearly conflicts with the plain language of that provision, and (3) state law regarding creation of security interests.

THEREFORE, the petitioner requests that this Court exercise its discretionary power to review the actions of the courts below and

grant to petitioner a Writ of Certiorari to the Court of Appeals for the Fourth Circuit.

Respectfully submitted,

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Attorney for Petitioner

NO. 84-1953

IN THE
SUPREME COURT OF THE UNITED STATES
October Term 1984

MARCON, LTD.
Petitioner,

v.

HELENA RUBINSTEIN, INC.
Respondent.

PETITION FOR WRIT OF CERTIORARI
TO THE CIRCUIT COURT OF APPEALS
FOR THE FOURTH JUDICIAL CIRCUIT

APPENDIX

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TABLE OF CONTENTS

	Page
OPINION OF THE FOURTH CIRCUIT COURT OF APPEALS IN APPEAL NO. 83-1639 . . .	1
ORDER AND OPINION OF THE DISTRICT COURT DISMISSING C.A. 80-1051-A AFTER RE-TRIAL	8
OPINION OF THE FOURTH CIRCUIT COURT OF APPEALS IN APPEAL NO. 81-2113 . . .	24
ORDER AND OPINION OF THE DISTRICT COURT DISMISSING C.A. 80-1051-A AFTER FIRST TRIAL.	41
OPINION OF THE FOURTH CIRCUIT COURT OF APPEALS IN APPEAL NO. 84-2320 . . .	60
ORDER OF THE DISTRICT COURT DISMISSING C.A. 83-912-A	64
STATUTORY PROVISIONS	66
ADDITIONAL MATERIALS	77

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

NO. 83-1639

Marcon, Ltd., Appellant,

versus

Helena Rubinstein, Inc., Appellee.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. Albert V. Bryan, Jr., District Judge. (C/A 80-1051)

Argued: December 3, 1984
Decided: March 20, 1985

Before SPROUSE and ERVIN, Circuit Judges, and DUPREE, United States District Judge for the Eastern District of North Carolina, sitting by designation.

HJM Melaro for Appellant; Charles A. Wendel (Milton J. Wayne; Burgess, Ryan & Wayne; Herbert I. Cantor; Cantor & Lessler on brief) for Appellee.

PER CURIAM:

This is an appeal from the district court's ruling that Helena Rubinstein's rights to three of its registered trademarks are incontestable[1] against Marcon's claims of trademark infringement, and that, even if those three marks were contestable, Marcon failed to establish that there existed the requisite confusion[2] between its mark and Helena Rubinstein's marks to sustain its claims. We affirm.

Marcon is a family cosmetic licensing and marketing concern. It registered the mark SILK under federal trademark law[3] in 1977 and under Virginia trademark law[4] in 1980. These registrations were based on claimed uses dating back to the 1930's and 1940's. Marcon alleges that Helena Rubinstein infringed its mark SILK by selling several products with SILK as part of their names.

Three of Helena Rubinstein's nine allegedly infringing marks are federally registered by Helena Rubinstein: SILK-FILM, SILK SHEEN, and SILK FASHION, registered in 1950, 1959, and 1964, respectively.

This case is before us for the second time. After the first trial, a panel of this court affirmed in part and reversed in part the judgment of the district court.[5] We reversed that portion of the first judgment granting summary judgment to Helena Rubinstein on Marcon's claim that Rubinstein's three registered trademarks infringed Marcon's SILK mark. The issue on remand was whether, under 15 U.S.C. § 1065, Helena Rubinstein's use of those three trademarks "infringes a valid right acquired [by Marcon] under the law of any State." To prove that it acquired such a right, Marcon must show that it continuously has used its SILK mark

"from a date prior to the date of publication" of Helena Rubinstein's marks. Id. Otherwise, Helena Rubinstein can assert the five-year incontestability bar of section 1065. Under the circumstances of this case, this inquiry is limited to whether Marcon acquired rights under the laws of Virginia.

On remand, the parties stipulated that this claim of Marcon pertaining to Helena Rubinstein's three registered trademarks could be decided on the record of the first trial. After considering that record, the district court determined that, prior to the respective registration dates of Helena Rubinstein's three trademarks, Marcon had not acquired any right under Virginia law to use the mark SILK, and that even if it had acquired such a right, there was no infringement because there was no evidence of a likelihood of confusion between SILK and the com-

posite marks SILK-FILM, SILK SHEEN, and SILK FASHION.

The district court held that "[t]here is not one shred of evidence of the use, sale or advertising in Virginia, at any time prior to the registration dates of the three trademarks in question of any product containing the mark SILK. . . . Consequently, there can be no valid right acquired under the law of Virginia." (emphasis in the original) We agree with the district court's conclusion.

Although there is some evidence that Marcon sold products containing the mark SILK sometime during the period involved, there is no evidence that any of these sales took place in the State of Virginia prior to Helena Rubinstein's federal registration of its marks. Marcon concedes that Rubinstein's marks were registered more than five years prior to the institution of this suit. Be-

cause Marcon acquired no valid trademark rights under the law of Virginia prior to the respective registration dates of Helena Rubinstein's three marks, the latter are incontestable, and Marcon has no cause of action for trademark infringement.

The judgment of the district court, therefore, is

AFFIRMED.

FOOTNOTES

[1] Lanham Trade-Mark Act, § 15, 15 U.S.C. § 1065 (1982).

[2] Lanham Trade-Mark Act, § 32(1), 15 U.S.C. § 1114(1) (1982).

[3] Lanham Trade-Mark Act, § 1, 15 U.S.C. § 1051 (1982).

[4] Virginia Trademark and Service Act, Va. Code § 59.1-88 (1982).

[5] Marcon, Ltd. v. Helena Rubinstein, Inc., 694 F.2d 953 (4th Cir. 1982).

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

MARCON, LTD.,	)	
	)	
Plaintiff,	)	
	)	
V.	)	CIVIL ACTION NO.
	)	80-1051-A
HELENA RUBINSTEIN, INC.,	)	
	)	
Defendant.	)	

ORDER

For the reasons set forth in the Memorandum Opinion this day filed, it is hereby ORDERED and DECLARED that:

1. The defendant's trademark registrations Silk-Film (# 525,275 on May 16, 1950), Silk Fashion (# 766,498 on March 10, 1964), and Silk Sheen (# 681,610 on July 7, 1959), are uncontestable by the plaintiff under § 15 of the Lanham Act, 15 U.S.C. § 1065.

2. This action is dismissed.

United States District Judge

Alexandria, Virginia
July 5th, 1983

MEMORANDUM OPINION

Trial on remand was had on June 29, 1983. Prior to trial the parties stipulated that the only live testimony to be presented at trial was the transcript of the previous trial on March 23, 1981 before the Honorable Oren R. Lewis. In addition there were presented at trial on June 29, 1983, certain exhibits by both parties. The plaintiff appended to its trial brief fifty-two attachments, which, with one addition, are also the plaintiff's exhibits at trial. These consist of pleadings, ex parte affidavits, documents, photocopies of statutes and treaties, and letters. The defendant has objected to most (41 out of 52) of these. To the extent that the exhibits and attachments consist of ex parte affidavits and letters, the objections are sustained (PX 15, 35, 45, 48, 49). The other exhibits are

admitted in evidence, although many of them are legal materials which cannot, strictly speaking, be characterized as evidence.

Prior to the trial the plaintiff raised certain preliminary matters:

First, the plaintiff asserts that the defendant was not and is not the owner of the registered trademarks in question, and therefore cannot assert the registration to oppose the plaintiff's claims. In support of this assertion the plaintiff points to documents from the Patent and Trademark Office (PX 3, 4, 5, 6/29/83) indicating that the records of that office show that title to the three trademarks in question is in Colgate-Palmolive Company. There is no question but that assignments to Colgate-Palmolive Company were executed; however, as is made clear by the defendant's June 29, 1983 trial exhibits 1, 2 and 3, and by plaintiff's own exhibits 13 and

14, the assignments were no more than a grant of a security interest in the trademarks to Colgate-Palmolive Company.[3] The actual ownership of the trademarks is and has been since registration in the defendant.[4]

Second, the plaintiff complains of being denied discovery with regard to the ownership or assignments of the trademarks. It is not correct that the plaintiff has been denied discovery. While it is true that the plaintiff has had to resort to the court on occasion to enforce its discovery, the defendant has responded to all discovery which was ordered. Moreover, the ownership of the trademarks has, as indicated above, been resolved.

Third, the plaintiff complains of alleged misstatements by the defendant as to the ownership of the trademarks. This, too, has been resolved. They were not misstatements.

Fourth, the plaintiff asserts that certain of the defendant's testimony at the March 23, 1981 trial was "hearsay and incompetent." The court has read the testimony of these witnesses. Little if any of it undertakes to relate to matters occurring prior to 1977, the date before which plaintiff says their testimony is inadmissible. In light of the court's reasoning (below) that it is the absence of plaintiff's evidence on the issues under consideration that dictates a finding adverse to the plaintiff, the weakness of the defendant's testimony becomes irrelevant.

* * *

The court has read the transcript of the March 23, 1981 trial, including the deposition of Maria A. Melaro and Rose Eilean Melaro taken on January 22, 1981, and has examined the exhibits presented at the March

23, 1981 trial as well as those presented on June 29, 1983.

The first question to be resolved is whether there has been acquired by the plaintiff a right under the law of Virginia to the use of the trademark Silk Fashion, Silk-Film or Silk Sheen prior to May 16, 1950 (Silk-Film, No. 522,275), March 10, 1964 (Silk Fashion, No. 766,498) or July 7, 1959 (Silk Sheen, No. 681,610). While there is some conclusory reference to advertising by the plaintiff of products bearing the name of SILK as early as 1933 (Tr. 53, 3/23/81), and use of the trademark SILK as early as 1937 (Tr. 43, 3/23/81), there is not one shred of evidence of the use, sale or advertising, in Virginia, at any time prior to the registration dates of the three trademarks in question, of any product containing the mark SILK. Any Virginia activity apparently began

after the formation of the plaintiff in 1979, although the federal trademark registration (No. 1056339, registered January 11, 1977) was not assigned to the plaintiff until January 13, 1981. Prior to that time all activity had been first in Pennsylvania and later to some extent in Maryland. Nor is there any evidence that there was a continuing use thereafter. Casual Corner Associates, Inc. v. Casual Stars of Nevada, Inc., 493 F.2d 709 (9th Cir. 1974). The only reference to such use is the one mentioned in the opinion of the Court of Appeals, namely, the claim made, in the 1980 Virginia registration of the mark SILK, of first use in 1935 and first use in Virginia in 1951. That claim of use in Virginia is just that - a claim. It is completely unsubstantiated by any evidence. Consequently there can be no valid right acquired under the law of

Virginia. There is some evidence of a sale in Virginia in 1980 in the amount of $91.00 (Tr. pp. 36-37, dep. of Marie A. Melaro, 1/22/81), and a transaction involving ESA during the same year (id. p. 36). This falls far short, however, of establishing any right arising under Virginia law prior to the registration dates.

The reliance by the plaintiff on Va. Code § 59.1-88 is misplaced. That section relates only to registered trademarks in Virginia. The plaintiff did not secure its Virginia registration of the mark SILK until 1980. Obviously no right accrued from this registration prior to the 1950, 1959, and 1964 federal registrations here under attack. Consequently, the court need not meet, here or in the later discussion of infringement, the plaintiff's assertion that under Va. Code § 59.1-88(b) likelihood of confusion, mistake

or deception need not be proved.

The foregoing would be dispositive of the plaintiff's claim. However, even if there could be somehow a valid right, through use of the mark SILK prior to the registration dates which would be superior to the composites of that mark, Silk Fashion, Silk Sheen or Silk-Film, there is no evidence of infringement. As indicated in the Court of Appeals opinion, the test for infringement is whether the accused mark is "likely to cause confusion, or to cause mistake or to deceive." Holiday Inns. Inc. v. Holiday Inn, 364 F. Supp. 775 (D.S.C. 1973), aff'd. (without opinion), 498 F.2d 1397 (4th Cir. 1974). This is deemed a "statutory" test, ibid., but the inquiry here is whether the federal trademark infringed a valid right acquired under state law within the meaning of § 15. Certainly that is a statutory inquiry. As

stated before, the applicability of § 59.1-88(b) is not involved.

The facts as found by Judge Lewis in his Memorandum Opinion and Order of October 14, 1981, more than adequately set out the background of the Melaro/Marcon, Ltd. development of cosmetics using the name SILK and the history of the various proceedings involving the marks. As before Judge Lewis, the plaintiff during the trial before the undersigned offered no evidence of the likelihood of confusion between the defendant's products labeled Silk Fashion, Silk Sheen and Silk-Film on the one hand and the plaintiff's mark SILK on the other. This court finds no confusing similarity between the mark SILK and the composites of that word used by the defendant.[5] There is no similarity of design or appearance from a physical comparison of the products; the method of

marketing - direct sales and mail order by the plaintiff as opposed to mass sales to retail outlets by the defendant - are different; and the methods and extent of advertising by the parties are widely divergent. The only evidence of sales of products under the trademark SILK by the plaintiff and its predecessors, the Melaros, reveals $1,429.95 in 1980, $207.40 in 1979, $189.80 in 1978, $205.86 in 1977, $86.43 in 1976, $118.42 in 1975, $102.44 in 1974, $59.55 in 1973, $131.87 in 1972, $45.49 in 1970 (Tr. 24-26, Dep. of Marie A. Melaro, 1/22/81). The only evidence of actual confusion is an isolated statement of Donna Meyer (Tr. 73, 74, 3/23/81) that one Millie Guerra, a foreign sublicensee or distributor, experienced some confusion over labels. This is insufficient to persuade the court that there was actual confusion.

Subsequent to the June 29, 1983 hearing, plaintiff's counsel delivered to the court a letter undertakng to outline evidence of fraud and deception which "has just come to my attention." This has to do with defendant's June 29, 1983 trial exhibit 4, which purports to be a document showing that plaintiff's federal trademark SILK had been "Cancelled, Sec. 8."[6] The thrust of plaintiff's letter is that the document is false. And it is incorrect, if not false. But the difficulty with plaintiff's letter, and with the outrage it expresses, is that defendant's counsel, when he offered the exhibit, candidly told the court it was incorrect. He expressly offered it as evidence that the record keeping authorities at the Patent and Trademark Office made mistakes. The relevance of this was that on the face of the

documents from that office which the plaintiff had offered it appeared that the owner of the three federal trademark registrations was the Colgate-Palmolive Company - also a mistake. There has been no fraud or deception.

For the foregoing reasons the plaintiff's claim that it has acquired rights excepting it from the five year incontestability provision of § 15 of the Lanham Act must fail; and the complaint will be dismissed.

United States District Judge

Alexandria, Virginia
July 5th, 1983

FOOTNOTES

[NOTE: Footnote numbers in the original opinion begin with footnote 3.]

[3] There is no suggestion that the Colgate-Palmolive Company has ever used the trademarks in question.

[4] To the extent that the plaintiff's present claim (assuming such a claim is within the scope of the remand) asserts that this particular misidentification of the owner of the trademarks is a false designation of origin within the meaning of 18 U.S.C. § 1125(a), or causes a likelihood of confusion or deception within the meaning of 15 U.S.C. § 1114(1) and the latter's Virginia counterpart, Va. Code § 59.1-88, the determination that the defendant *is* the owner of the trademarks in question is dispositive in rejecting such an assertion.

[5] While not conclusive of the issue, the tribunals that have considered the question have determined that there is no confusing similarity between the use of the mark SILK and composite marks containing the word Silk. *Living Beauty, Inc.* v. *Roux Labs, Inc.*, 153 U.S.P.Q. 834; *Helena Rubinstein, Inc.* v. *Charmaceuticals*, # 49,447 (T.T.A.B. 1970); *Pacquin-Lester Co.* v. *Charmaceuticals, Inc.*, 179 U.S.P.Q. 45 (C.C.P.A. 1973); and *Melaro* v. *Pfizer, Inc.*, 214 U.S.P.Q. 645 (P.T.O.T.T.A.B. 1982). In *Melaro* v. *Pfizer, Inc.*, the Trademark Trial and Appeal Board had the following to say:

> "The character of the term 'SILK' and the limited orbit of protection to be given this term is clearly revealed by this record. Thus, it

> is obvious, as shown by the large number of registrations that have been granted to different parties for 'SILK' marks used on related goods, that this Office has recognized and treated 'SILK' as a weak mark, not subject to exclusive appropriation in the cosmetic field."

Indeed it is interesting that Rose Melaro in an amicus curiae brief supporting the position that SILK and SILK'N SATIN are not confusingly similarly, had this to say:

> "'SILK' is a common word, not dominant over any other portion of appellant's mark, and cannot be reasonably disassociated from 'SILK 'N SATIN'; appellant's entire composit mark must therefore be considered as a whole in determining appellee's rights to the use of the mark 'SILK'. Third party uses indicate that the term 'SILK' is an oft-used one and are relevant to disprove the existence of trademark rights (in 'SILK') in the opposer." (Def. Ex. 6, pp. 6-7, 3/23/81).

[6] The "Sec. 8" is an indication that the owner has not met its filing requirements showing continued use for a period of time.

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 81-2113

MARCON, LTD.

Appellant

v.

HELENA RUBINSTEIN, INC.

Appellee

No. 81-2161

MARCON, LTD.

Appellee

v.

HELENA RUBINSTEIN, INC.

Appellant

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. Oren R. Lewis, Senior District Judge, and Albert V. Bryan, Jr., District Judge.

Argued June 7, 1982
Decided December 1, 1982

Before WIDENER, ERVIN and CHAPMAN, Circuit Judges.

H. J. Melaro (John I. Gruen, Gruen and Weiser, on brief) for Appellant and Cross-Appellee; Milton J. Wayne (Burgess, Ryan & Wayne; Charles A. Wendel, Stevens, Davis, Miller & Mosher; Herbert I. Cantor, Cantor and Singer, on brief) for Appellee and Cross-Appellant.

WIDENER, Circuit Judge:

Plaintiff prosecuted this trademark infringement action under the Trademark Act of 1946 (the Lanham Act), 15 U.S.C. §§ 1051, et seq., and under the infringement provisions of the Virginia Trademark and Service Mark Act, Va. Code §§ 59.1-88, -89. Defendant counterclaimed, seeking cancellation of the plaintiff's trademark. The district court granted summary judgment for the defendant on a part of the plaintiff's claim. Following a bench trial, the court dismissed the balance of the plaintiff's claim and all of the defendant's counterclaim. Each party appealed from part or parts of the district court's decisions which were adverse to it. We affirm in part but vacate the award of summary judgment and remand that part of the case for further proceedings.

I

Plaintiff, MarCon, Ltd., is a family cosmetics licensing and marketing concern owned by Rose E. Melaro and two of her children. Rose Melaro was an individual plaintiff in these proceedings until she withdrew following assignment of all state and federal trademark rights to MarCon while this litigation was pending. Defendant, Helena Rubinstein, is a large manufacturer and nationwide marketer of cosmetic products. At issue is Rose Melaro's federal trademark registration (# 1,056,399) granted in 1977, and Virginia trademark registration granted to her in 1980, for use of the mark SILK in connection with a variety of cosmetics. The awarding of the state and federal registrations was based on claimed uses dating back to the 1930s and 1940s. Plaintiff asserted that defendant infringed this mark by selling

several products with SILK as part of their names. Three of the defendant's product names are registered trademarks, with six more being unregistered.[1]

Plaintiff initially filed this action in the Arlington County, Virginia Circuit Court, asserting only the state law claims. Defendant removed the action to the federal district court. A number of motions were then made by the parties, and Judge Albert V. Bryan, Jr., consolidated them for a hearing on November 28, 1980. Following this hearing, Judge Bryan allowed the plaintiff to amend its complaint so as to assert federal as well as state claims. Judge Bryan also granted the defendant's FRCP 12(b)(6) motion, which he treated as a motion for summary judgment, and entered judgment for the defendant on plaintiff's claims pertaining to certain of defendant's registered trademarks.

The court concluded that no cause of action existed on the registered trademarks because they were registered before the plaintiff received registration for its mark. On July 10, 1981, Judge Bryan denied plaintiff's motion for reconsideration of this order.

An amended complaint concerning only five unregistered marks[2] was filed by the plaintiff on December 3, 1980. Defendant's amended answer contained counterclaims that the plaintiff had abandoned both the Virginia and federal registrations through a naked assignment of title to the trademarks without accompanying goodwill. In March 1981, Judge Lewis conducted a non-jury trial on the issues contained in the amended complaint and answer. In a decision rendered on October 14, 1981, after Judge Bryan had denied reconsideration of his order, the court dismissed both the plaintiff's remaining claims and the

defendant's counterclaims. On the plaintiff's infringement claim, it made a finding of fact that the plaintiff's evidence "falls far short of establishing the requisite likelihood of confusion, mistake or deceit needed to prove infringement." On the defendant's abandonment claim, the court concluded that the various documents offered to show an illegal naked transfer of trademark ownership from Melaro to MarCon were ambiguous. It made a finding of fact that "Mrs. Melaro did not assign her cosmetic business to Marcon [sic] Ltd. nor abandon her right to use the trademark SILK when she assigned the October 15, 1979 agreement."

The plaintiff appeals from Judge Bryan's orders of November 28, 1980 and July 10, 1981, and that part of Judge Lewis' decision dismissing the infringement claim. The defendant appeals from the dismissal of its abandonment claim.

II

We first consider the challenges to the district court's decision of October 14, 1981. The plaintiff's infringement claim was judged on the following standard which we think is a proper one:

> The statutory test for trademark infringement, as delineated in 15 USC § 1114(1), is whether the use of the accused copy of colorable imitation of the registered mark is "likely to cause confusion, or to cause mistake, or to deceive." Holiday Inns, Inc. v. Holiday Inn, 364 F.Supp. 775, 177 USPQ 640 (D.S.C. 1973) [aff'd without opinion 498 F.2d 1397 (4th Cir. 1974) (table)] . . . . In. . .the applicable statutory. . .[test], determination of confusion is a question of fact. Factors to be considered in determining the presence of confusion include the type of service mark at issue, the similarity of design and of the product offered, the identity of retail outlets and purchasers, the identity of advertising media utilized, defendant's intent and actual confusion.

Armand's Subway, Inc. v. Doctor's Associates, Inc., 202 U.S.P.Q. 305, 310 (E.D. Va. 1978),

rev'd on other grounds, 604 F.2d 849 (4th Cir. 1979) (emphasis added) (footnote omitted). The district court's findings of fact can be overturned by this court only if found to be clearly erroneous. FRCP 52(a).

Among plaintiff's challenges to the district court's findings was a claim at oral argument before this court that the district court's "order was based primarily on the [defendant's] registered marks which should not have been before the court." An inspection of the record and the court's opinion shows that this contention is without merit. The district court's findings refer specifically to six challenged unregistered marks. Plaintiff's other challenges to the district court's fact finding also fail to meet the clearly erroneous standard. We thus affirm the district court's decision for the defendant on the infringement claim.

The defendant challenges the district court's finding that the plaintiff's trademark was not abandoned when it was transferred. Under § 10 of the Lanham Act,

> A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used. . .

15 U.S.C. § 1060. At issue in the present case are various agreements between Mrs. Melaro, her children, and the family owned MarCon, Ltd., pertaining to the SILK trademark. Defendant characterizes at least one of these agreements as a naked transfer of title in the trademark without goodwill and thus in violation of § 10. The district court found as a factual matter that the agreements were only intra-family paper writings pertaining to the right to sell and distribute SILK cosmetics. We cannot conclude that this finding was clearly er-

roneous, FRCP 52(a), and thus also affirm the district court's decision for the plaintiff on the defendant's abandonment counterclaim.

III

We turn now to the district court's award of summary judgment to the defendant on the plaintiff's claim that certain of the defendant's registered trademarks infringed the plaintiff's trademark. Plaintiff asserts that this challenge is possible because its claimed use of the marks pre-dates the defendant's use. Defendant counters that its trademarks are incontestable under § 15 of the Lanham Act, 15 U.S.C. § 1065, and that they are not subject to a prior use claim under § 14 of the Lanham Act, 15 U.S.C. § 1064, because more than five years has lapsed since their registration.

Defendant is correct in noting that a party claiming prior use of a trademark may

seek to cancel another party's registration of the mark under § 14 of the Lanham Act. Union Carbide Co. v. Ever-Ready, Inc., 531 F.2d 366, 374 (7th Cir.), cert. denied, 429 U.S. 830 (1976); Blanchard Importing and Distributing Co. v. Charles Gilman & Son, 353 F.2d 400, 401-02 (1st Cir. 1965), cert. denied, 383 U.S. 968 (1966). Unless under certain enumerated exceptions, challenges under § 14 must take place within five years of registration. 15 U.S.C. § 1064. See 4 Callman, The Law of Competition, Trademarks and Monopolies § 97.3(c)(2) (3d ed. 1970).

Nevertheless, § 14 is not the sole means of attacking the validity of a trademark registration by asserting the prior use of a trademark. Under § 15 of the Lanham Act, a trademark registration may become incontestable "except to the extent, if any, to which the use of a mark registered on the

principal register infringes a valid right acquired under the law of any State or Territory by use of a trade name continuing from a date prior to the date of publication under this chapter of such registered mark. . . ." 15 U.S.C. § 1065. See Armand's Subway, Inc. v. Doctor's Associates, Inc., 604 F.2d 849, 850 (4th Cir. 1979); Holiday Inns, Inc. v. Holiday Inn, 364 F.Supp. 775, 785, aff'd without opinion, 498 F.2d 1397 (4th Cir. 1974) (table). A related provision in § 33(b) of the Lanham Act provides that trademarks which are incontestable under § 15 are still subject to certain defenses, including:

> That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to registration of the mark under this chapter or publication of the registered mark under subsection (c) of section 1062 of this title: Provided, however, That this defense or defect shall

> apply only for the area in which such continuous prior use is proved. . . .

15 U.S.C. § 1115(b)(5); see Hot Shoppes, Inc. v. Hot Shoppe, Inc., 203 F.Supp. 776 (M.D. N.C. 1962).[3]

In the present case, plaintiff registered its trademark under the Virginia Trademark and Service Mark Act, Va. Code §§ 59.1-77 to -92. This registration, granted in 1980, claimed that the first use of the trademark was in 1935 and the first Virginia use was in 1951. Such prior use, if proved, could arguably constitute the Lanham Act § 15 "valid right [based on prior use] acquired under the law of any State. . . ." Of course, the issue still would remain as to whether or not there actually was infringement between the trademarks. The district court did not reach the question as to whether the defendant did, in fact, have any

valid rights under state law, nor, of course, whether there was infringement, because it had ruled that the prior federal registration date of the defendant was grounds for summary judgment. This ruling was incorrect on summary judgment because under the language of § 15 the inquiry is whether use of defendant's registered marks infringes any valid right acquired by plaintiff under state law described in § 15.

We do not reach the question of whether the defendant's registrations were otherwise incontestable, nor, as noted above, whether the defendant's trademarks were infringing. We decide only that the district court failed to consider the application of that provision of the Lanham Act § 15 we have especially mentioned.

Accordingly, the order of the district court granting summary judgment to defendant

on account of its registered trademarks Silk Film, No. 525,275, Silk Sheen, No. 681,610, and Silk Fashion, No. 766,498, is vacated and remanded for further proceedings not inconsistent with this opinion; the balance of the decision is in all respects affirmed.

AFFIRMED IN PART,
VACATED IN PART,
and REMANDED.

FOOTNOTE

[1] The challenged unregistered marks are: Silk Face Powder, Silk Finish Face Powder, Liquid Silk Foundation, Creamy Silk Foundation, Real Silk Makeup, and Liquid Silk Blusher. The registered trademarks are: Silk Film (# 525,275 on May 16, 1950); Silk Fashion (# 766,498 on March 10, 1964); and Silk Sheen (# 681,610 on July 7, 1959). Other similar Helena Rubinstein trademarks which were used in the past include Silktone, Silken Look, Silk Screen, and Silk Velvet. These last three products have been discontinued and their registrations were allowed to lapse.

[2] Silk Face Powder, Real Silk Makeup, Liquid Silk Foundation, Creamy Silk Foundation, and Liquid Silk Blusher.

[3] Defendant relies on Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 374 (7th Cir. 1976), for the proposition that § 14 protects trademark registrants from all prior use claims. We see nothing in the Union Carbide opinion which states that registrants are protected from all prior use claims under § 14; rather, it states that prior use is not a ground for cancellation under § 1064. The relationship of §§ 14 and 15 is far from clear and has been a topic of considerable litigation. See Union Carbide, 531 F.2d at 371-80; 4 Callman, supra § 97.3(c)(5) (1981 Cum. Supp.). The construction urged on us by the defendant would render meaningless the specific statement in § 15 pertaining to rights acquired under state law.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

MARCON LTD,

Plaintiff.

CIVIL ACTION
NO. 80-1051-A

HELENA RUBINSTEIN, INC.,

Defendant.

MEMORANDUM OPINION AND ORDER

This trademark infringement suit was originally brought by Rose E. Melaro and Marcon Ltd. against Helena Rubinstein, Inc. (H-R) in the Circuit Court of Arlington County, Virginia.

The plaintiff alleged infringement of its Virginia trademark registration in violation of the Virgina Trademark and Service Mark Act, and sought injunctive relief and an accounting for damages.

The suit was removed to this Court by

the defendants on October 30, 1980 -- and the plaintiff amended its complaint alleging infringement of its federal trademark SILK, in violation of the Lanham Act.

The defendant denied the claimed infringement and counter-claimed for cancellation of both the federal and Virginia trademark registrations.

Rose E. Melaro assigned her federal trademark registration SILK (#1,056,339) to Marcon Ltd on January 13, 1981 -- and was dropped as a party-plaintiff without objection on February 13, 1981.

After exhaustive - sometimes acrimonious - discovery, this controversy was heard and determined by the Court.

From the testimony tendered, the Court makes the following findings and conclusions:

FINDINGS

Rose E. Melaro opened and operated a small beauty salon in Verona, Pennsylvania in the early 1930s.

She made most of the cosmetics that she used in her salon from raw materials purchased from Purcell & Company -- and sold them to some of her regular customers without labels until sometime in 1935, when she had a printer make 500 labels from her pencil-sketch of the word SILK.

She first used this label on her face powder and sold it at $2.25 a box -- shortly thereafter, she put this mark on all of her cosmetics and sold them at her salon and by mail to some of her former customers and their friends who wrote and asked for them.

She continued to sell her cosmetics at her beauty salons (which had grown to three by the early 1940s) and to her former custom-

ers and their friends by mail.

Mrs. Melaro's SILK cosmetic sales continued to gradually grow and had reached nearly $100.00 a day by the fifties.

Her advertising was by word of mouth, newspaper publicity, the telephone book, and some limited classified.

Sometime in the early sixties, Mrs. Melaro and her family moved to Silver Spring, Maryland, where she continued to sell her SILK cosmetics at her salons and by mail. Mrs. Melaro was by then conducting her business under the names of Melaro's, Inc. and Twinkit. Her son, Jerry, moonlighted her SILK cosmetics through his company, "Melexim".

Mrs. Melaro's SILK cosmetics were first manufactured by Purcell -- then by Boyer International Laboratories, and their successor, Solo, under her formula.

Mrs. Melaro personally exercised mini-

mal quality control over the manufacture and sale of her SILK cosmetics.

She retired from the beauty salon business in 1973, but continued to sell her cosmetics through her son and Marcon Ltd. which she had incorporated in Virginia in 1979, until she assigned her federal and state SILK trademark registration to Marcon Ltd. on January 13, 1981.

Marcon Ltd was originally owned by Mrs. Melaro and her two daughters, each holding one-third of the stock.

Mrs. Melaro's stockholdings were increased to 34% upon assigning her trademark SILK to the corporation.

Both Marcon Ltd. and her son, Jerry, were authorized by Mrs. Melaro to distribute and obtain licensees for the sale and use of her SILK cosmetics; the son, orally -- the corporation, by two ambiguously written

agreements.

Both improved the sales picture and were successful in obtaining several licensees, some of which are being held up pending the outcome of this suit.

On March 30, 1970, Mrs. Melaro filed an application in the United States Patent Office to register the trademark SILK for a variety of her cosmetic products, alleging the date of first use anywhere as July of 1941 - and its first use in commerce as March of 1954. The application was denied, having been granted to Charmaceuticals, Inc. for use on the same goods.

Before the mark was granted to Charmaceuticals, Inc., it was opposed by H-R as being confusingly similar to seven different trademarks owned by that corporation, including "Silk Film", "Silk Sheen" and "Silk Fashion".

Pacquin-Lester Company opposed granting the mark to Charmaceuticals, as being confusingly similar to its mark of "Silk 'N Satin".

These oppositions were dismissed by the Trademark Trial and Appeal Board, and an appeal was taken to the United States Court of Customs and Patent Appeals. Mrs. Melaro was granted leave to file a brief as amicus curiae, in which she contended the two marks in question were not confusingly similar.

The United States Court of Customs and Patent Appeals agreed and the registration of the mark SILK was granted to Charmaceuticals, Inc.

When the registration was granted to Charmaceuticals, that registration was cited as the basis for refusing to grant the registration to Mrs. Melaro -- she then petitioned to cancel the Charmaceuticals'

registration, claiming that she had used the identical trademark on the same goods prior to the date of the first use of the mark by Charmaceuticals (11/1/68). Her position was sustained by the Trademark Trial and Appeals Board, which ordered the Charmaceuticals' registration cancelled.

Registration #1,056,339 for the mark SILK was then granted Mrs. Melaro on January 11, 1977.

Helena-Rubinstein, Inc. engaged in the manufacture and sale of cosmetics and associated goods. The corporation advertises extensively on television, in newspapers and in major nationally distributed magazines. Their sales are all made to the consumer through department stores, drug stores, boutiques, and the like.

On May 16, 1950, H-R was granted Registration #525,275 for "Silk Film",

Registration #766,498 for "Silk Fashion" on March 10, 1964, and Registration #681,610 was granted for "Silk Sheen" on July 7, 1959.

H-R has used the marks "Silktone", "Silken Look", and "Silk Screen" face powder, and "Silk Velvet", on some of its products between 1948 and 1950.

These products have been discontinued and their registrations were allowed to lapse.

In January of 1978, H-R began marketing a line of cosmetics under the Trademark "Silk Fashion" -- the product identification statements on these cosmetics are "Liquid Silk Foundation", "Creamy Silk Foundation", "Liquid Silk Blusher" and "Silk Finish Face Powder". This line of cosmetics is still being sold. Gross sales for the three-year period from 1978 to 1980 exceeded $8,000,000.

In early 1977, there was an exchange of correspondence between Marcon Ltd. and H-R in re the purchase of the trademark SILK from Mrs. Melaro -- no agreement was reached and Mrs. Melaro's counsel (her son) sent a "cease and desist" letter to H-R. No response was had and another "cease and desist" letter was sent in September of 1980.

On September 15, 1980, the Commonwealth of Virginia issued a trademark registration to Mrs. Melaro covering the mark SILK on a variety of her cosmetics. The date claimed for first use was 1935, and the date claimed for first use in Virginia was 1951.

Some H-R products purchased after the institution of this suit from drug stores and department stores in Silver Spring, Wheaton and Colesville, Maryland, were introduced in evidence.

The ingredient labels on these prod-

ucts indicate that silk powder and the use of hydrolysate silk was one of the ingredients.

The only evidence of confusion between the plaintiff's products and the defendant's products was that observable from examining the H-R products that were introduced in evidence.

Jurisdiction and venue over the parties and the subject matter of this suit was not questioned.

Conclusions

From these findings and the exhibits filed herein, the undersigned is satisfied that Rose E. Melaro began selling her SILK face powder in 1935, and that she has continued to sell her cosmetics in her salons - by mail - and through her wholly-owned company "Twinkit" -- and her son and his company, "Melexim", and her family-owned (self and

daughters) corporation, Marcon, Ltd., from that date until she assigned her business, together with her federal registered trademark SILK, to Marcon Ltd. on January 13, 1981.

The defendant's claim that Mrs. Melaro abandoned her right to the mark SILK when she signed the October 15, 1979 agreement with her family-owned corporation (she and her two daughters) lacks evidentiary support.

The record here made discloses that Mrs. Melaro never ceased selling her SILK cosmetics before she transferred and assigned her cosmetic business to Marcon Ltd. in January of this year.

Her's was always a family business -- she first sold her cosmetics in her beauty salon -- and to some of her customers and her friends by mail.

Later, she allowed her son to sell for

her through his company, called "Melexim" -- and her daughters sold some through Marcon Ltd.

The October 15 and subsequent agreements are ambiguous to say the least -- whether they be a licensee, a distributorship, or whatever -- none of the parties to these agreements (mother, son and daughters) ever considered them as an assignment of mother's cosmetics business to Marcon Ltd -- they all testified that mother continued to be the dominant one in the family business. She was the one that checked and made sure that her cosmetics met her production standards; she was the one that had to give final approval to all licensees and distributorships, and to all sales, whether they be made by her son through his company "Melexim", or by the daughters, through their corporation, "Marcon Ltd."

The Court construes these inartfully-drawn agreements as nothing more than paper writings between a mother and her son and daughters, authorizing them to sell and distribute her SILK cosmetics.

Mrs. Melaro did not assign her cosmetic business to Marcon Ltd. nor abandon her right to use her trademark SILK when she signed the October 15, 1979 agreement.

Therefore, the defendant's counterclaim for cancellation of her federal and state trademark SILK - on the grounds of abandonment - must be DENIED, and

IT IS SO ORDERED.

The burden is on the plaintiff to prove its claimed infringement -- this it has failed to do.

The standard in this Circuit for determining trademark infringement was clearly enunciated by Judge Kellam, in Armand's Sub-

way, Inc. v. Doctor's Associates, Inc., 202 U.S.P.Q. 305 (E.D. Va. 1978), remanded on other grounds, 604 F.2d 849 (4 Cir. 1979), where the Court said:

> "The statutory test for trademark infringement, as delineated in 15 U.S.C. § 1114(1), is whether the use of the accused copy or colorable imitation of the registered mark is 'likely to cause confusion, or to cause mistake, or to deceive.' Holiday Inns, Inc. v. Holiday Inn, 364 F.Supp. 775 (D.S.C. 1973) . . . . In . . . the applicable statutory . . . [test], determination of confusion is a question of fact. Factors to be considered in determining the presence of confusion, include the type of service mark at issue, the similarity of design and of the product offered, the identity of retail outlets and purchasers, the identity of advertising media utilized, defendant's intent and actual confusion."

The plaintiff offered no evidence, during this trial, in re the likelihood of confusion between the defendant's cosmetics labeled, "Silk Face Powder", "Silk Finish Face Powder", "Liquid Silk Foundation", "Creamy

Silk Foundation", "Real Silk Makeup", and "Liquid Silk Blusher", and its registered SILK trademark except the H-R cosmetics, which were purchased in Maryland, after the suit was instituted.

There are a number of relevant "SILK"-related cases holding there is no confusing similarity between the use of the mark "SILK" and a composite mark containing the word "Silk". See Living Beauty, Inc. v. Roux Labs, Inc., 153 U.S.P.Q. 884; Helena Rubinstein, Inc. v. Charmaceuticals, #49,447 (T.T.A.B. 1970); and Pacquin-Lester Co. v. Charmaceuticals, Inc., 179 U.S.P.Q. 45 (C.C.P.A 1973).

The plaintiff's mark SILK is a single word -- H-R marks are compound phrases of at least three words, of which "silk" is one.

There is no similarity in the design of the said marks.

The plaintiff's products are sold directly to the customer and by mail order -- not through department stores, drug stores, and similar retail outlets, as are H-R's cosmetics.

Both parties used different advertising media. The plaintiff relied on free publicity, word-of-mouth advertising, and limited local newspaper advertising, plus some three or four ads in the Christian Science Monitor. H-R advertised their cosmetics extensively in national magazines and on national television.

The plaintiff offered no evidence in this case, either expert or lay, in re any actual confusion.

A comparison of H-R's cosmetics (labeled silk face powder, and so forth) which were introduced into evidence in this case, with the plaintiff's "SILK" cosmetics,

falls far short of establishing the requisite likelihood of confusion, mistake or deceit needed to prove trademark infringement.

Therefore, the plaintiff's claim of infringement must be DISMISSED for want of requisite proof, and

IT IS ORDERED.

Having so held, there is no need for this Court to pass upon the defendant's additional defense of "fair use", 15 U.S.C. § 1115(b)(4), or claim of "laches" and "unclean hands".

Nothing further remaining to be done herein, this case stands DISMISSED--each party to pay its own costs.

The Clerk will send a copy of this Memorandum Opinion and Order to all counsel of record.

October 14, 1981

/s/ Oren R. Lewis
Senior United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 84-2320

Marcon, Ltd.

Appellant,

verus

Helena Rubinstein, Inc., Bruce R. Mishkin, Colgate-Palmolive Company, Harold Obstler, Milton J. Wayne,

Appellees.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. Albert V. Bryan, Jr., District Judge. (C/A 83-912-A).

Submitted: March 25, 1985 Decided: May 9, 1985

Before SPROUSE and ERVIN, Circuit Judge, and DUPREE, United States District Judge sitting by designation.

(Lionel Richmond; HJM Melaro on brief) for Appellant; (Stephen M. Colangelo on brief) for Appellees.

PER CURIAM:

The district court denied MarCon's motion filed under Fed. R. Civ. P. 60(b), ruling that under the circumstances of this case the motion was untimely and, in any event, that its ruling in the underlying action was correct, i.e., that Marcon's action was barred by res judicata and collateral estoppel.

MarCon appeals, insisting that a Rule 60(b) motion is timely so long as it is filed within twelve months after the judgment. That argument ignores the language of Rule 60(b) which states, among other things, that "[t]he motion shall be made within a reasonable time, and . . . not more than one year after the judgment." Neither in the district court nor on appeal has MarCon offered any explanation as to why it waited more than eleven months to file its Rule 60(b) motion.

Under these circumstances, we cannot say that the district court abused its discretion in denying MarCon's motion for untimeliness. Browder v. Director, Department of Corrections of Illinois, 434 U.S. 257, 263 n.7 (1978).

In an appeal from a denial of Rule 60(b) relief, we do not review the underlying judgment, id., but in any event it is clear that the district court was correct in its rulings barring MarCon's claim.

Perceiving no merit to MarCon's contentions, and because the dispositive issues recently have been decided, we dispense with oral argument and affirm the district court's denial of MarCon's Rule 60(b) motion.

AFFIRMED.

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

MARCON, LTD.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	CIVIL ACTION
	)	NO. 83-912-A
	)	
HELENA RUBINSTEIN, INC., et al.,	)	
	)	
	)	
Defendants.	)	

ORDER

For the reasons stated from the bench, the court being of the opinion that the issues sought to be raised by the plaintiff in this action were litigated or necessarily decided, or both, or that they raised matters with regard to discovery which should have been raised in Civil Action No. 80-1051-A, it is hereby

ORDERED that the motion of the defendants for summary judgment is granted; and this action is dismissed.

/s/
United States District Judge

Alexandria, Virginia
October 21st, 1983

STATUTORY PROVISIONS

Lanham Trademark Act

§ 5 (15 U.S.C. § 1055):

> Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.

§ 7(b) (15 U.S.C. § 1057(b)):

> A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein.

§ 10 (15 U.S.C. § 1060):

> A registered mark or a mark for which application to register has been filed shall be assignable with the goodwill of the business in which the mark is used, or with that part of the goodwill of the business connected with the use of

and symbolized by the mark, and in any such assignment it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted. Assignments shall be by instruments in writing duly executed. Acknowledgement shall be prima facie evidence of the execution of an assignment and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment shall be void as against any subsequent purchaser for a valuable consideration without notice, unless it is recorded in the Patent and Trademark Office within three months after the date thereof or prior to such subsequent purchase. A separate record of assignments submitted for recording hereunder shall be maintained in the Patent and Trademark Office.

An assignee not domiciled in the United States shall be subject to and comply with the provisions of section 1051(d) of this title.

§ 14 (15 U.S.C. § 1064):

A petition to cancel a registration of a mark, stating the grounds relied upon, may upon payment of the prescribed fee, be filed by any person who believes that he is or will be damaged by the registration of a mark on the

principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905--

(a) within five years from the date of the registration of the mark under this chapter; or

(b) within five years from the date of publication under section 1062(c) of this title of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905; or

(c) at any time if the registered mark becomes the common descriptive name of an article or substance, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsections (a),(b) or (c) of section 1052 of this title for a registration hereunder, or contrary to similar prohibitory provisions of said prior Acts for a registration thereunder, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services in connection with which the mark is used; or

(d) at any time if the mark is registered under the Act of March 3, 1881, or the Act of February 20, 1905, and has been

published under the provisions of subsection (c) of section 1062 of this title; or

(e) at any time in the case of a certification mark on the ground that the registrant (1) does not control, or is not able legitimately to exercise control over, the use of such mark, or (2) engages in the production or marketing of any goods or services to which the certification mark is applied, or (3) permits the use of the certification mark for purposes other than to certify, or (4) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies:

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in subsections (c) and (e) of this section any mark registered on the principal register established by this chapter, and the prescribed fee shall not be required.

[NOTE: The text of § 14 as set out above is the text of the statute in force at the time these actions were considered on appeal to the Fourth Circuit. In 1984, Congress

amended this section, adding the following language at the end of subsection (c):]

> A registered mark shall not be deemed to be the common descriptive name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the common descriptive name of goods or services in connection with which it has been used.

§ 15 (15 U.S.C. § 1065):

> Except on a ground for which application to cancel may be filed at any time under subsections (c) and (e) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of the registration under this chapter of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is

still in use in commerce, shall be incontestable: Provided, That--

(1) there are has been no final adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the Patent Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Commissioner within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and the other matters specified in subsections (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the common descriptive name of any article or substance, patented or otherwise.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this chapter shall apply to a mark registered under the Act

of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Commissioner within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 1062 of this title.

The Commissioner shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

§ 32(1) (15 U.S.C. § 1114(1)):

(1) Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection

with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

§ 45 (15 U.S.C. § 1127):

In the construction of this chapter, unless the contrary is plainly apparent from the context--

. . .

The term "mark" includes any trade-mark, service mark, collective mark, or certification mark entitled to registration under this chapter whether registered or not.

For the purposes of this chapter a mark shall be deemed to be used in commerce (a) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto and the

goods are sold or transported in commerce and (b) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in this and a foreign country and the person rendering the services is engaged in commerce in connection therewith.

A mark shall be deemed to be "abandoned"--

(a) When its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment.

(b) When any course of conduct of the registrant, including acts of omission as well as commission, causes the mark to lose its significance as an indication of origin.

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term "registered mark" means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent and

> Trademark Office" means registered marks.
>
> The term "Act of March 3, 1881", "Act of February 20, 1905", or "Act of March 19, 1920," means the respective Act as amended.
>
> . . .

[NOTE: The text of relevant paragraphs of § 45 set out above is the text of those paragraphs as they appeared in the statute in force at the time these actions were considered on appeal to the Fourth Circuit. In 1984, Congress amended the statute, adding the following language at the end of subparagraph (b) of the paragraph defining "abandonment":]

> Purchaser motivation shall not be a test for determining abandonment under this subparagraph.

Uniform Commercial Code § 9-203(1)-(3) (1977):

> § 9 -203. Attachment and Enforceability of Security Interest; Proceeds; Formal Requisites
>
> (1) Subject to the provisions of Section 4-208 on the security

interest of a collecting bank, section 8-321 on security interests in securities and Section 9-113 on a security interest arising under the Article on Sales, a security interest is not enforceable against the debtor or third parties with respect to the collateral and does not attach unless:

(a) the collateral is in the possession of the secured party pursuant to agreement, or the debtor has signed a security agreement which contains a description of the collateral and in addition, when the security interest covers crops growing or to be grown or timber to be cut, a description of the land concerned;

(b) value has been given; and

(c) the debtor has rights in the collateral.

(2) A security interest attaches when it becomes enforceable against the debtor with respect to the collateral. Attachment occurs as soon as all of the events specified in subsection (1) have taken place unless explicit agreement postpones the time of attaching.

(3) Unless otherwise agreed a security agreement gives the secured party the rights to proceeds provided by Section 9-306.

EXCERPTS FROM TRANSCRIPT
OF NOV. 28, 1980
MOTION PROCEEDINGS IN TRIAL OF C.A. 80-1051
(14:15-15:2; 18:23-19:8)

THE COURT: Well, what do you have to say about the allegation, though, that you are marketing something titled Silk Face Powder, not a composite Silk-Film, Silk Sheen, Silk-Fashion, Silk --.

MR. WENDELL: (Interposing) Silk Face Powder and Silk-Fashion, I believe the other one Mr. Melaro brought out, are set forth in their true generic descriptive sense.

As Mr. Melaro pointed out to this Court, those particular products of Helena Rubinstein do contain Silk products. It is not an infringement of the mark Silk as an arbitrary common term as amicus for plaintiff here pointed out in their brief in the opposition case that went to the Court of Customs and Patent Appeals.

. . .

MR. WAYNE: . . . Silk-Fashion is now marketed in this container without any designation of the words Silk Face Powder. And Silk Face Powder is not used as a trademark. It is merely used descriptively to indicate that there is present in this product Silk and particularly Silk particles.

There is a difference between a description and also a registered trademark, and we submit that Silk Face Powder was not intended, if it was used years ago and it is not presently used, it was then designated as a description of the product, per se, and not used as a trademark to identify the product.

TRADEMARK ASSIGNMENT

WHEREAS, HELENA RUBINSTEIN, INC., a New York corporation having its principal office at 300 Park Avenue, New York, New York, 10022, has adopted, used, and is using the trademarks registered in and/or for which applications for registration have been made at the United States Patent Office and set forth in Schedule A attached hereto.

WHEREAS, COLGATE PALMOLIVE COMPANY, a corporation of Delaware, having its principal office at 300 Park Avenue, New York, New York 10022, desires to acquire said trademarks, said registrations and applications thereof and the good will of the business symbolized by said trademarks;

NOW, THEREFORE, in consideration of One Dollar ($1.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, and subject to the terms

and conditions of the ASSIGNMENT AND SECURITY AGREEMENT entered into between the parties on July 2, 1980, and the terms and conditions of other agreements referred to therein, said HELENA RUBINSTEIN, INC. does hereby assign unto said COLGATE PALMOLIVE COMPANY all rights, title and interest in and to said trademarks throughout the world, together with the good will throughout the world of the business symbolized by said trademarks, and said registration of said trademarks.

Executed at New York, New York, this 2nd day of July, 1980.

HELENA RUBINSTEIN, INC.

By: /s/
Vice-President

ATTEST:

By: /s/
Secretary

ASSIGNMENT

WHEREAS, HELENA RUBINSTEIN, INC. of 55 Hartz Way, Secaucus, New Jersey 07094, adopted and used the terms COURANT and SILK SHEEN, as trademarks and registered such marks on the Principal Register of the United States Patent Office as follows:

Trademark	Class	Registration Number	Registration Date
Courant	51	970.356	10/9/73
Silk Sheen	51	681.610	7/7/59

WHEREAS, HELENA RUBINSTEIN, INC. assigned said trademarks and registrations to the Cologate-Palmolive Company on July 2, 1980 to secure certain obligations and such assignments were recorded in the United States Patent Office on July , 1980; and

WHEREAS, HELENA RUBINSTEIN, INC. is desirous of reacquiring said trademarks and the registrations thereof;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, said Cologate-Palmolive does hereby assign unto the said HELENA RUBINSTEIN, INC. all rights, title and interest in and to the said marks, together with the good will of the businesses symbolized by the marks, and the above identified registration thereof.

COLOGATE-PALMOLIVE COMPANY

By: /s/ Harold Obstler
Harold Obstler

Title: Assistant Secretary

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On the 30th day of March, 1982, before me came HAROLD OBSTLER, being by me duly sworn, did depose and say that he is the Assistant Secretary of Colgate-Palmolive Company, the corporation described in, and

which executed, the foregoing document; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Bruce C. Miller

CORRECTION ASSIGNMENT

WHEREAS, by a written instrument entitled "Assignment and Security Agreement", dated as of July 2, 1980, HELENA RUBINSTEIN, INC. granted to COLGATE-PALMOLIVE COMPANY a security interest in the trademarks of HELENA RUBINSTEIN, INC. and the registrations thereof and the goodwill symbolized thereby which are set forth in Schedule A annexed hereto and by this reference made a part hereof; and

WHEREAS, said security interest was perfected by appropriate filings under the Uniform Commercial Code in the states of New York and New Jersey; and

WHEREAS, in order to give further public notice of the creation of said security interest, the parties to said "Assignment and Security Agreement" caused a written instrument to be recorded in the United States Patent and Trademark Office at

Reel 0376 Frame 330 (hereinafter called, "the recorded instrument"); and

WHEREAS, misunderstandings have arisen concerning said recorded instrument, its purpose, intent and the legal interest created thereby; and

WHEREAS, the parties desire by this instrument to correct such misunderstandings;

NOW THEREFORE, in consideration of the premises and of the mutual promises contained in said "Assignment and Security Agreement", COLGATE-PALMOLIVE COMPANY, a Delaware corporation, having its principal office at 300 Park Avenue, New York, New York 10022, does hereby give, grant, assign and set over unto HELENA RUBINSTEIN, INC., a New York corporation, having its principal office at 55 Hartz Way, Secaucus, New Jersey 07094, all its right, title and interest in and to the trademarks set forth in Schedule A annexed

hereto and the registrations thereof and the goodwill symbolized thereby, RESERVING AND RETAINING NEVERTHELESS for and unto itself the security interest in said marks, registrations and goodwill heretofore granted and assigned to it by said HELENA RUBINSTEIN, INC., by said "Assignment and Security Agreement" dated as of July 2, 1980.

Executed at New York, New York, this 16 day of November, 1982.

COLGATE-PALMOLIVE COMPANY

(SEAL) By /s/
Vice-President

ATTEST

/s/
Credit Secretary

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 16 day of November, 1982, before me personally came to me known, who, being by me duly sworn,

did depose and say that he resides in , that he is the Vice-President of COLGATE-PALMOLIVE COMPANY, the corporation described in and which executed the within instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

AFFIDAVIT OF C.R. HILL

THIS DAY before me, a notary public at large in the State of Virginia, came Ms. C. R. Hill, Attesting Officer, Status Division, of the United States Patent and Trademark Office, and said under oath as follows:

> "On 29 June 1983 I was informed by phone that a certified status copy of the Trademark Office bearing my signature as Attesting Officer for "SILK" trademark registration 1056339 was marked "Cancelled, Sec. 8". Record title is in MarCon Ltd. for that registration.
>
> I, further, understand through Counsel for MarCon, HJM Melaro, who brought this matter to my attention on 30 June 1983, that his opposing counsel in MarCon v. Helena Rubinstein, C.A. 80-1051-A of the U.S. District Court for the Eastern District of Virginia (Alexandria Division) --- a trademark action being heard by the Honorable Judge Albert V. Bryan --- introduced the said "certified status copy" into evidence and that it bore a date of 6 June 1983.
>
> I am investigating how that could have happened because, to the knowledge of anyone in my office "SILK" is not cancelled, the Sec. 8 was filed in 1982 by MarCon, and I so informed an attorney who came to

this office in late May or early June. I believed his name was 'Wayne'.

The Court is, hereby, advised that no was authorized by me to submit such a status copy to the Court and no was told by me that the MarCon mark is cancelled because it is not.

The 12 January 1983 certified status copy of the above brought to me by MarCon Counsel 30 June 1983 without the words "Cancelled, Sec. 8" is correct.

The foregoing is my voluntary true statement, made this 30th day of June, 1983."

/s/ _____

Commonwealth of Virginia
: ss
County of Arlington

Sworn and subscribed to, before me, a notary public at large for Virginia, in the County of Arlington, this ____ day of ____, 1983.

/s/ H.J.M. Melaro
NOTARY

Commission expires: 26 March 1986.

PLAINTIFF'S SUPPLEMENTAL INTERROGATORY # 9A:

9. State the periods of use and sale of the following from beginning of use to the present among the Helena Rubinstein, Inc. products:

A. SILK FILM

DEFENDANT'S ANSWER TO PLAINTIFF'S SUPPLEMENTAL INTERROGATORY NO. 9A:

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

ROSE EILEAN MELARO, et al. Plaintiffs,	)	
v.	)	CIVIL ACTION NO. 80-1051-A
HELENA RUBINSTEIN, INC. Defendant.	)	

ADDENDUM TO DEFENDANT'S ANSWERS TO PLAINTIFFS' SUPPLEMENTAL INTERROGATORIES

The following answers to Plaintiffs' Supplemental Interrogatories are considered confidential and are submitted pursuant to the terms of a Protective Order:

Interrogatory No. 9A

From September 1948 to about 1971.

Interrogatory No. 10C

Attached sheet.

HELENA RUBINSTEIN, INC.

By: /s/
Vice President

EXCERPT FROM TRANSCRIPT OF [redacted] PROCEEDINGS
ON C.A. 80-1051-A [redacted] (160:6-22)

THE COURT: (Interposing) In other words, has there been an abandonment on the first one, have they abandoned that one?

MR. YAVNER: That is correct.

THE COURT: Have they abandoned all of these?

MR. YAVNER: As far as silk film, they have not used that since 1971; at least it was stated in the interrogatories and their answers, correct?

THE WITNESS: [Abraham Bogorad, Defendant's Witness] Silk film, the face powder, it appears that that is one of them.

THE COURT: On the registration, did they abandon it?

MR. YAVNER: No, Your Honor.

THE COURT: They have a trademark for all the names, not just part of it and the only thing they have abandoned is the name

for silk film. So they still have Silk Fashion, Silk registration, whatever you want to call it.